

CMP: INR 229

Rating: BUY

Target Price: INR 394

Stock Info

BSE	532144
NSE	WELCORP
Bloomberg	WLCO IN
Reuters	WGSR.BO
Sector	Iron & Steel
Face Value (INR)	5
Equity Capital (INR Mn)	1,310
Mkt Cap (INR Mn)	59,570
52w H/L (INR)	298 / 133
Avg Daily Volume (in 000')	2,246

Shareholding Pattern %

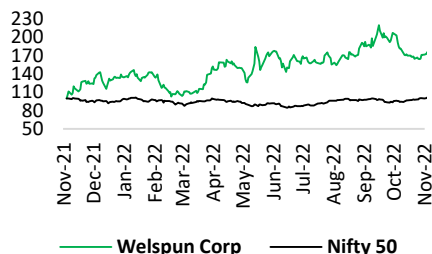
(As on Sep, 2022)

Promoters	49.90
Public & Others	50.10

Stock Performance (%) 1m 6m 12m

WELCORP	-10.5%	35%	63%
NIFTY	7.8%	13%	2.5%

WELCORP Vs Nifty



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Welspun Corp Ltd. is one of the flagship companies of Welspun Group. It is a leading manufacturer of large diameter pipes globally, offering a one-stop solution for all line pipe related requirements with its wide range of high grade line pipes. These pipes are used for offshore and onshore transmission of oil, gas and water. It is among the Largest Welded Line Pipe manufacturing companies in the world.

Investment Rationale:

Strong Orderbook:

Line Pipes & Coating: Company has registered a strong order book of ~1 Mn MT along with an active bid book another 1.5 Mn MT. Overall, the company has visibility of approximately 4-6 quarters. This includes the USA and Saudi Arabia business. USA productions were ramped up this quarter and dispatches to start from Q4.

Pig Iron & DI Pipes (Steel Vertical): The Blast Furnace, commissioned in July 2022 currently has an output of 1,000 mt/day (gradually will be ramped up to 1,500 mt/day). The order backlog for DI pipes stands at 70,000 MT (valued at ~Rs. 5,000 Mn).

Long Products – TMT Bars (Steel Vertical): The TMT plant has a capacity of 350,000 MT which has also received the BIS certification. The key growth drivers continue to be spend on infrastructure, housing and construction.

Welspun Specialty Solutions Limited (WSSL): The financial performance has improved along with the orderbook being strong. The current orderbook for Stainless steel bars and pipes is 1,387 MT and 1,853 MT respectively (valued at ~Rs. 1,700 Mn.) The key demand is from sectors like oil refineries, petrochemicals, chemicals, pharmaceuticals, defense and power

Acquisition of assets of ABG Shipyard:

Welspun acquired assets of ABG Shipyard for a consideration of INR 6,590 Mn (plus taxes). The partially built ships, equipment and metal scrap acquired under WCL is estimated to be over ~ 150,000 MT.

Acquisition of Sintex BAPL Ltd.'s NCD:

The company acquired Sintex BAPL Ltd.'s NCDs worth INR 12,230 Mn for INR 4,180 Mn (through their subsidiary). This will help creating a diversified product portfolio, repurposing the business to add new target segments and expanding the offerings to address both the B2B and B2C markets. Acquisition to be completed in next 2 quarters.

Outlook & Valuation:

The company has envisioned a bold target of INR 1,50,000 Mn Sales and EBITDA of INR 16,000 – 18,000 Mn (in 3-5 years time). The order book and triggers mentioned above back the company's targets. The capex is almost over and company should generate good operating cash flow from current levels. India Pipe business has confirmed order book for next 3 quarters (and visibility for another 3 quarters) while US pipe business has confirmed orders for next 6 quarters. Strategic acquisition plans (assets of ABG shipyard and Sintex BAPL) should unlock value post completion.

At CMP INR 229, the stock is trading at an EV/EBITDA of 3.8x of its FY25 EBITDA and PE of 5.9x of its FY25E EPS. We recommend BUY on the stock with target of INR 394 using SOTP methodology, indicating 72% upside.

Product Portfolio:

1. Line Pipes: Capacity of 2,505 KMT p.a. (across 6 manufacturing facilities in India, USA and Saudi Arabia)
2. TMT Bars: 350 KMT p.a. (commenced production recently)
3. Pig Iron & DI Pipes: 400 KMT p.a. (under stabilization)
4. SS Bars: 150 KMT p.a.
5. SS Pipes: 18 KMT p.a.

Exhibit 1: Quarterly Performance

Particulars (INR Mn)	Sep-22	Jun-22	QoQ	Sep-21	YoY
Sales	19,638.10	13,218.20	48.57%	15,421.10	27.35%
Expenses	20,950.40	12,929.50	62.04%	14,268.70	46.83%
Operating Profit	-1,312.30	288.70	-554.55%	1,152.40	-213.88%
Other Income	1,906.10	762.70	149.91%	541.40	252.07%
Depreciation	700.40	612.50	14.35%	634.70	10.35%
Interest	474.60	305.70	55.25%	230.10	106.26%
Profit before tax	-581.20	133.20	-536.34%	829.00	-170.11%
Tax	50.60	142.70	-64.54%	274.30	-81.55%
Net profit	-565.90	41.10		627.00	

Source: Company, Ace Equity, Screener, Aриhant Capital Research

Exhibit 2: Revenue (INR Mn) & Revenue Growth (%)

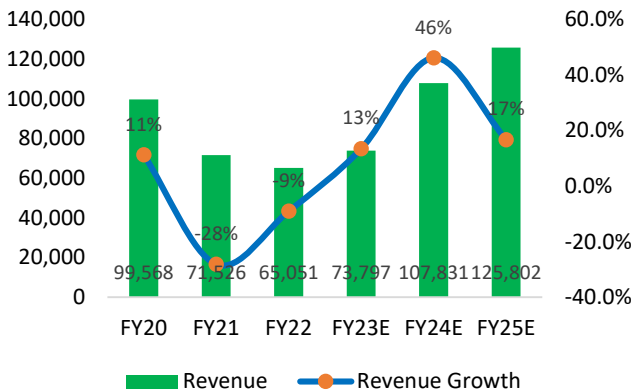


Exhibit 3: EBITDA (INR Mn) & EBITDA Margin (%)

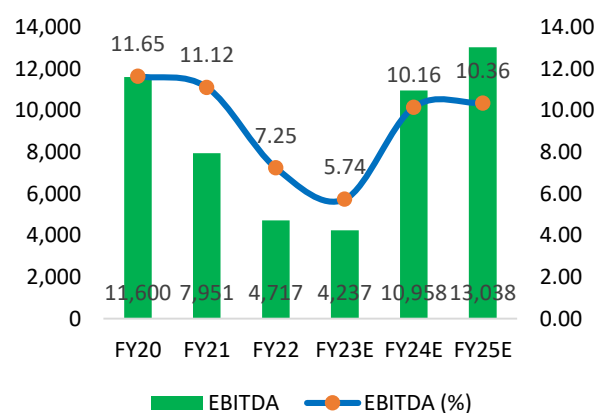


Exhibit 4: Operating Cost Matrix (INR Mn)

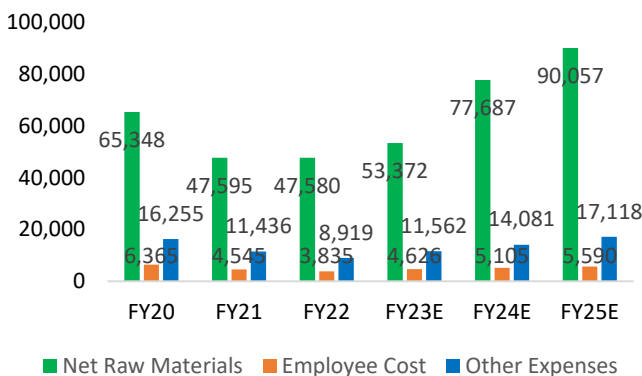


Exhibit 5: PBT (INR Mn) & PBT Margins (%)

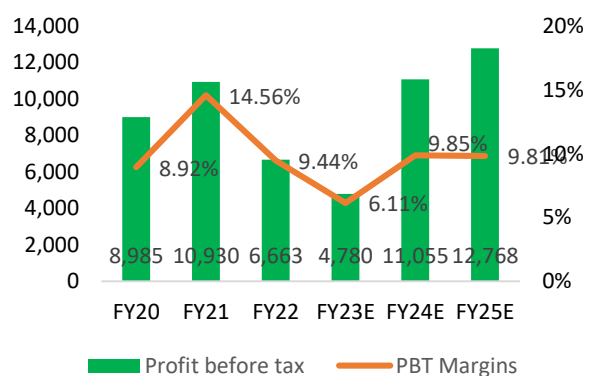


Exhibit 6: Peer Comparison

Particular	CMP	M.Cap (INR Mn)	Revenue (INR Mn)		EBITDA (INR Mn)		EBITDA Margin (%)		PAT (INR Mn)		PAT Margin (%)	
	(INR)		FY21	FY22	FY21	FY22	FY21	FY22	FY21	FY22	FY21	FY22
Year	as on 05.11.2022	as on 05.11.2022										
Welspun Corp	227	59,470	71,530	65,050	7,840	4,730	10.96%	7.27%	8,270	4,440	11.56%	6.83%
Ratnamani Metals	1,971	138,130	22,980	31,390	4,000	4,950	17.41%	15.77%	2,760	3,220	12.01%	10.26%
Shyam Metalics Maharashtra	309	78,760	62,970	103,940	13,940	26,010	22.14%	25.02%	8,440	17,240	13.40%	16.59%
Seamless	802	53,720	23,080	42,000	4,410	5,830	19.11%	13.88%	1,210	4,040	5.24%	9.62%

Source: Company, Ace Equity, Screener, Aриhant Capital Research

Exhibit 7: Peer Comparison (continued)

Particular	ROE (%)		ROCE (%)		P/BV (x)		EV/EBITDA (x)		PE (x)		D/E (x)	
	FY21	FY22	FY21	FY22	FY21	FY22	FY21	FY22	FY21	FY22	FY21	FY22
Welspun Corp	20.45	12.46	18.91	9.36	1.07	1.26	4.92	11.42	4.48	10.07	0.24	0.46
Ratnamani Metals	14.93	15.20	18.78	19.75	4.47	5.40	20.35	22.99	32.17	37.60	0.10	0.07
Shyam Metalics	26.11	36.42	26.73	44.24	-	1.58	0.49	3.55	-	5.35	0.22	0.09
Maharashtra Seamless	4.55	12.40	5.94	13.58	0.56	1.00	4.89	6.02	18.84	9.72	0.28	0.19

Source: Company, Ace Equity, Screener, Aриhant Capital Research

Exhibit 8: Valuation Table

Valuation

Particulars (INR Mn)	FY25
EBITDA	11,679
Multiple	6.0
EV	70,072
Net Debt/(Cash)	-10,435
Mcap	80,507
No of Shares	261
Core Business Value per Share	309

Saudi Business

Holds @ 35% stake	6,023
Per Share	23

Steel Business

EBITDA	1,358.93
Multiple	4.00
EV	5,435.71
Debt	0
Market Cap	5,435.71
Per Share	20.83

ABG Shipyard Investments

Investments	6,590.00
Price to book	1
Value per share	25

Sintex BAPL investments

Investments	4,180.00
Price to book	1
Value per share	16

SOTP TARGET PRICE

394

CMP

228.5

Upside

72%

Investment Rationale:**Line Pipes & Coating**

1. India Biz: The RM prices (steel) has corrected ~20% recently which is positive from margins standpoint. On the other hand, the demand will be steady since OPEC+ decided to cut oil production by 2 Mn Barrels per day starting November.

The dormant O&G sector (in India) is on the verge of a robust capex cycle with resurgence of various stalled projects and active discussions for several export orders across the world with a focus on Europe, Australia, South America, South East Asia and Middle East.

Gas demand prospects in India remain strong as the Government has set a target to raise the share of natural gas in the energy mix from the current 6.7% to 15% by 2030 (Global average is of 23-24%). Gas demand will be driven by fertilisers, CGD players, petrochemicals and refineries. This will result in continuously expanding the gas and CGD pipeline network on Pan India basis, and will be a key driver for the growth of the line pipe industry.

Natural Gas Pipeline: The current Authorized Natural Gas Pipeline is of 33,764 Kms of which 20,228 is operational. To ensure the adequate availability and equitable distribution of natural gas in all parts of the country, additional 15,146 kms of pipeline is needed which are under various levels of development. A gas-based economy is crucial for an Atmanirbhar Bharat and work is being done in the direction of 'One Nation, One Gas Grid'. The pipeline grid is expected to not only help improve clean energy access, but also aid in the development of city gas projects.

Exhibit 9: Natural Gas Pipeline Structure

Natural Gas Pipelines (Operational, partially commissioned & under construction) - As on 30.06.2021	
Details	Total Kms
Authorized Natural Gas Pipelines	33,764
Operational Natural Gas Pipelines	20,228
Under Construction Natural Gas Pipelines	15,146

Source: Petroleum and Natural Gas Regulatory Board

City Gas Distribution: A strong emphasis has been laid on expansion of city gas distribution (CGD) networks across the country by covering 407 districts with a potential to make gas accessible to over 70 percent of the population. The distribution networks would enable the supply of cleaner cooking fuel (like, PNG) to households, industrial & commercial units as well as transportation fuel (like, CNG) to vehicles. **There is an expected investment of Rs 120,000 crore in over the next 10 years.**

Water Sector: The fall in steel prices has brought back demand in water sector. The development of irrigation facilities has seen increased engagement amongst many states to meet their targets. The focus by both the Central and State Governments on developing water infrastructure through **Jal Jeevan Mission** is expected to drive the demand for large diameter HSAW pipes.

Exhibit 10: Jal Jeevan Mission Structure

Jal Jeevan Mission			
State	JJM Budget	Capex till now	Balance Amount
Uttar Pradesh	6,29,630.00	83,170.00	5,46,460.00
Madhya Pradesh	2,35,770.00	47,020.00	1,88,750.00
Rajasthan	2,00,590.00	46,150.00	1,54,440.00
Maharashtra	2,00,420.00	15,910.00	1,84,510.00
Chattisgarh	96,940.00	12,080.00	84,860.00
Punjab	38,030.00	6,060.00	31,970.00
Haryana	37,720.00	7,870.00	29,850.00
JK	28,230.00	4,850.00	23,380.00
Gujarat	34,410.00	47,630.00	-13,220.00
Total	14,67,330.00	2,23,120.00	12,44,210.00
Total Budget (at India Level)	35,98,750.00	5,87,760.00	30,10,990.00

Annual Demand for water infrastructure is expected to be around 3 mn Mt. Welspun has an order book of 66 KMT giving visibility of next 2 quarters.

2. USA Biz: The US is now focused on boosting its oil and gas supply to cater to their domestic energy needs as well as for exports to cater the energy needs in Europe. The number of active drilling rigs in the US reached 771 in Oct 2022 Vs 542 in Oct 2021 (to the highest point since March 2020). There was no production in the 1st quarter. The company has 4,000,000 MT of orderbook and production started in Q2FY23.

The increased drilling activity is necessitating the need for creating additional Gas Exports lines. Volumes are set to reach more than 21 Bcf/d by the end of November, according to the EIA, a record high and up by 9% since last year. The Permian basin, where the maximum drilling activity seems to be happening, will need additional 2 or 3 large gas pipeline projects for evacuation of gas to the Gulf coast, in the coming 3-5 years.

Company had previously announced **winning of its largest order ever** (valued at INR 50,000 Mn) for supply of 325,000 MT (approx) of large diameter coated pipes for transporting natural gas from the Permian Basin to Houston. This is to be executed over 12 months period starting H2FY23.

The company is also seeing an **increased focus on Carbon Capture and Ammonia pipelines** (partially due to GHG emission targets and other incentives attached to the sector). Co is **one of the largest player** and has already received an order for Carbon Capture pipeline project which will be executed in FY24 by their Little Rock plant.

Saudi Arabia Biz: Saudi Aramco stands ready to raise oil output to its maximum sustained capacity of 12 million barrels per day and has announced a capex enhancement from \$31.9 Billion to \$40-\$50 Billion for this year. The capex increment will lead to more opportunities in laying the infrastructure for oil production.

Saudi Aramco to boost gas production by more than 50% by 2030. For the distribution of Desalinated water, 7 large water infrastructure projects are planned which would result in total demand exceeding 3 million metric tonnes of pipelines over 3 years.

Co is the largest player in KSA and expects robust demand for the next 5-7 years in both Oil & Gas and Water segment.

Pig Iron & DI Pipes

The DI plant has a capacity of 4,00,000 MT and equipped with the latest cutting-edge technology. Co has received major approvals and certifications from key states and BIS certification for its quality. The demand is resonated with Jal Jeevan Mission (to create drinking water supply infrastructure) with ~80% of budget yet to be spent.

The downside that the company already faced was the high inventory cost (coke) and lower realization of steel due to excise duty of 15% on export of steel. The impact was assessed to be INR 2,000 Mn.

Long Products – TMT Bars (Steel Vertical):

The Key target market of Gujarat has a consistent annual demand of 3 million MT per annum, of which only ~ 2 million MT is produced in the state. The company is confident to establish their product as a leading B2C brand due to their quality and strategy.

Welspun Specialty Solutions Limited (WSSL):

Total Income from Operations for Q2FY23 at Rs. 937 Mn, up 351% YoY. The company also has a healthy orderbook along with accreditations and approvals. The volumes have been increasing in pipes and stainless steel bars. The quality is widely accepted and around 40% to 50% of the quantity is exported. There is an anticipation of removal of export duty on stainless steel which has a huge export market. This will open up order flows for the bar business. This should lead to improved earnings and better margins in quarters to follow.

Acquisition of assets of ABG Shipyard:

The partially built ships, equipment and metal scrap acquired under WCL is estimated to be over ~ 150,000 MT. It is estimated that the Metal / Metal scrap not required for business purposes will be disposed over 12-15 months. ABG is focused on shipbuilding and working toward defence sector. Although, post payment was made, the liquidator received a Provisional Attachment Order from ED. Co and other lenders have filed writ petitions to the PAO.

There are significant assets that are being bought from ABG Shipyard at significant discount to intrinsic value. Once the transaction is through, the company will formulate and disclose its further plans.

The assets include slip way (220x25 metre), slip dock (450 x 40 metre), 165 acres of land along with 1 km of waterfront and Worlds Largest Shiplift Sysetem (33,000 MT).

If we look at other shipyard companies, the orderbook is filled for ~2-4 years. The company has not made a clear decision on what to do with the assets but the intent may be towards Defense, Shipbuilding, Ship Repairing (where company is seeing significant opportunities).

For example, Cochin Shipyard had an order book worth INR 200,000 Mn (as on 31.03.2022) while Revenue for FY22 stood at INR 31,900 Mn.

Garden Reach Shipbuilders had revenues of US\$ 231 Mn for FY22 while its order book stood at US\$ 3,148 Mn.

Acquisition of Sintex BAPL Debentures:

Syntex BAPL has significant operations in plastic products through blow moulding, injection molding, welding amongst other things. The company's current operations and expertise lies in automotive components.

Sale of Land & Civil Structures at Dahej Plant:

The company sold their land in Dahej (received consideration of Rs. 1300 Mn). The said unit comprises an insignificant portion of the revenues of the company and the management feels that the transaction would not have any material and adverse effect on operations.

Exhibit 11: Annual Capacity Chart

Annual Capacity Chart								
Capacity	India					USA	Saudi Arabia	Total
Products/Location	Anjar	Dahej	Mandya	Bhopal	Jhagadia	Little Rock	Dammam	
LSAW	350	350						700
HSAW	250		150	305		350	375	1,430
ERW/HFIW	200					175		375
Total (KMT)			1,605			525	375	2,505
TMT Bars (KMT)	350							350
DI Pipes (KMT)	400							400
SS Bars (KMT)						150		150
SS Pipes (KMT)						18		18

Outlook and Valuations:

The company has envisioned a bold target of INR 1,50,000 Mn Sales and EBITDA of INR 16,000 – 18,000 Mn (in 3-5 years time). The order book and triggers mentioned above back the company's targets. We are positive on WCL entry into B2C space. We believe both domestic and global operations of WCL should do well. The capex is almost over and company should generate good operating cash flow from current levels.

India Pipe business has confirmed order book for next 3 quarters (and visibility for another 3 quarters) while US pipe business has confirmed orders for next 6 quarters. Strategic acquisition plans (assets of ABG shipyard and Sintex BAPL) should unlock value post completion.

Going ahead, the dependency on oil will get low as more energy needs will be satisfied through gas. This will in turn be beneficial for Welspun.

The company has stocked its inventory (Currently at 35,000 Mn Vs 10,000 Mn in FY22) in preparation of execution of orders in India and the US.

Opportunities like Carbon Capture and Hydrogen pipelines (in line pipes), Drivers like Make in India push, High entry barriers due to technological and accreditations along with BIS and Anti Dumping Duty (in SS Pipes) and massive planned spending by government in Infrastructure sector (TMT bars); these factors bode well for the company's future performance.

The acquisitions of the company should contribute going forward as and when the company finalizes actionable plans. Both the acquisitions seem to be at deep discounted valuations compared to the intrinsic value. Once the objectives with the acquisitions are finalized, we will be able to determine the actual contribution.

At CMP INR 229, the stock is trading at an EV/EBITDA of 3.8x of its FY25E EBITDA and PE of 5.9x of its FY25EEPS. We recommend BUY on the stock with price target of 394.

Exhibit 12: Return Ratios

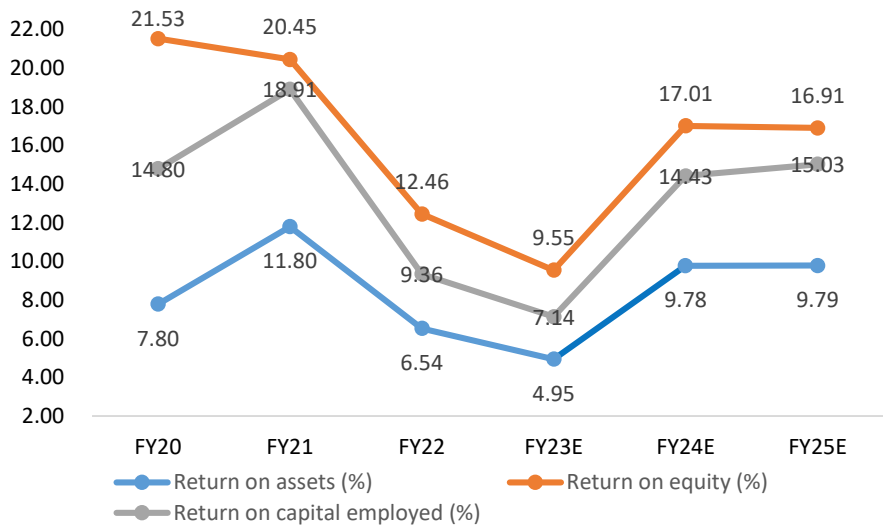


Exhibit 13: Working Capital Cycle

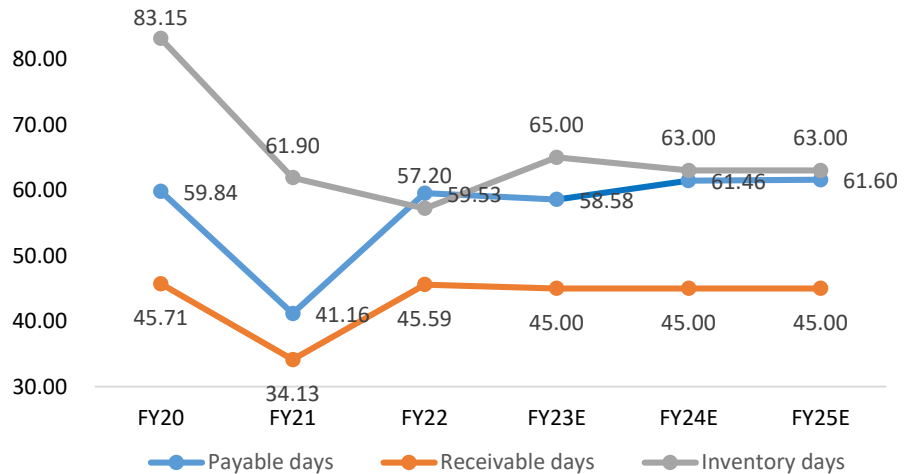


Exhibit 14: Cash Flows

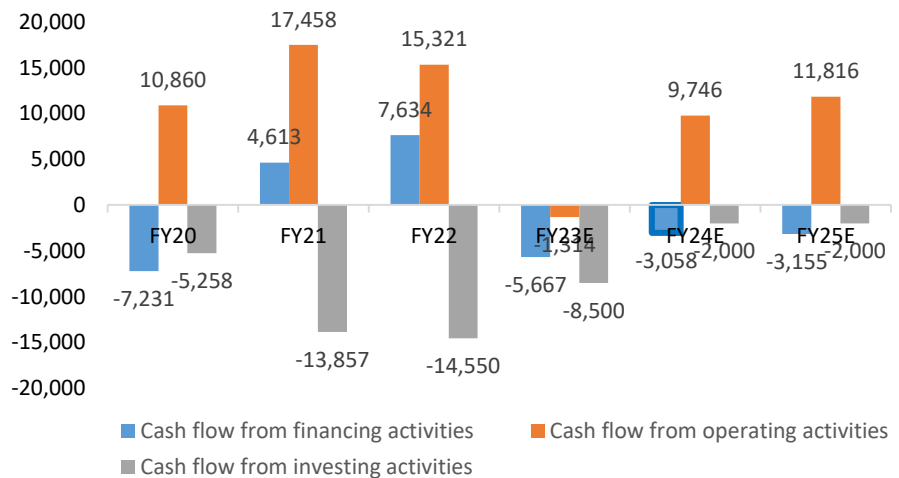


Exhibit 15: Standalone Business Pipes Volume

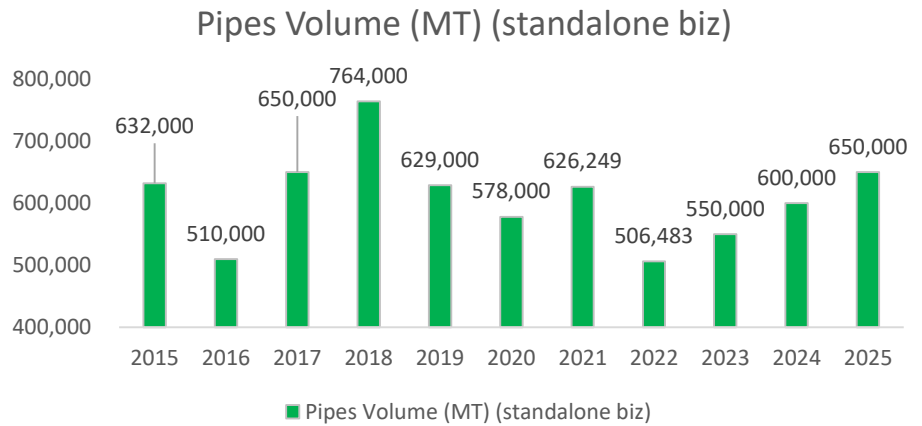


Exhibit 16: Standalone Pipes Realization (INR/tonne)

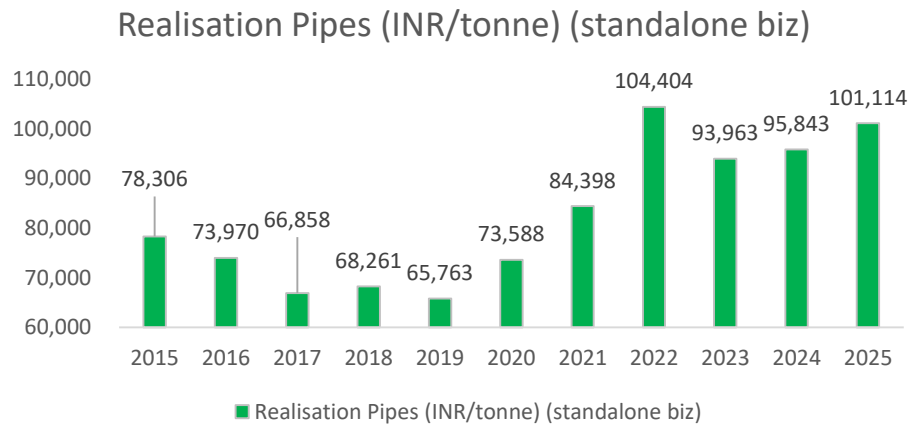
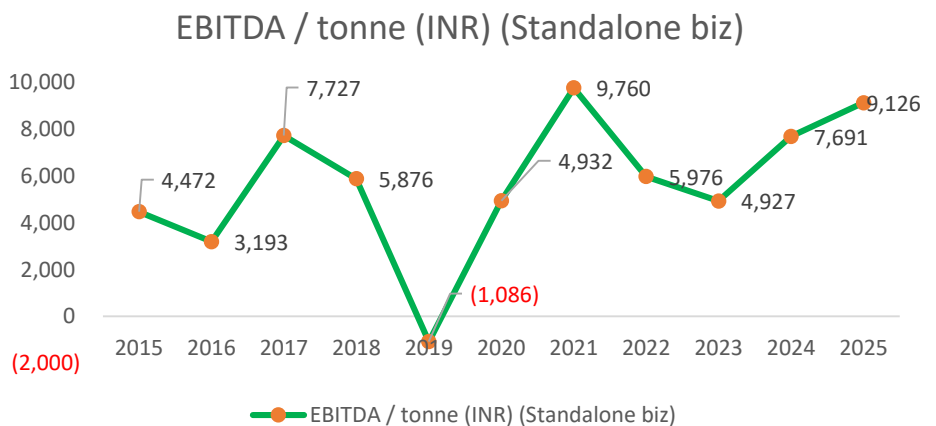


Exhibit 17: Standalone Biz EBITDA/tonne (INR)



Financial Statements

Income statement summary

Y/e 31 Mar (INR Mn)	FY20	FY21	FY22	FY23E	FY24E	FY25E
Revenue	99,568	71,526	65,051	73,797	107,831	125,802
Net Raw Materials	65,348	47,595	47,580	53,372	77,687	90,057
Employee Cost	6,365	4,545	3,835	4,626	5,105	5,590
Other Expenses	16,255	11,436	8,919	11,562	14,081	17,118
EBITDA	11,600	7,951	4,717	4,237	10,958	13,038
EBITDA (%)	11.65	11.12	7.25	5.74	10.16	10.36
Depreciation	2,333	2,465	2,548	3,000	3,360	3,727
Interest expense	1,440	850	1,019	866	953	953
Other income	1,159	3,568	5,512	4,410	4,410	4,410
Profit before tax	8,985	10,930	6,663	4,780	11,055	12,768
Taxes	4,124	2,553	2,164	1,243	2,874	3,320
Net profit	4,861	8,377	4,499	3,538	8,181	9,448
Reported Netprofit Margin (%)	4.83%	11.15%	6.38%	4.52%	7.29%	7.26%
EPS (INR)	26.53	32.01	21.14	17.20	34.55	38.98

Source: Company Reports, Aриhant Capital Research

Balance sheet summary

Y/e 31 Mar (INR Mn)	FY20	FY21	FY22	FY23E	FY24E	FY25E
Cash & bank	9,631	14,100	21,947	6,465	11,153	17,814
Marketable securities at cost	0	0	0	0	0	0
Debtors	12,470	6,688	8,126	9,098	13,294	15,510
Inventory	22,682	12,130	10,195	13,142	18,612	21,714
Loans & advances	936	8,682	1,184	1,365	1,499	1,745
Other current assets	11,642	1,121	1,711	1,820	2,659	3,102
Total current assets	57,361	42,721	43,162	31,890	47,218	59,885
Investments	4,213	7,267	9,581	9,581	9,581	9,581
Gross fixed assets	28,347	43,873	44,899	58,899	65,899	72,899
Less: Depreciation	-13,040	-19,535	-22,002	-25,002	-28,362	-32,089
Add: Capital WIP	817	1,472	12,604	7,104	2,104	-2,896
Net fixed assets	16,124	25,811	35,500	41,000	39,640	37,913
Non-current assets	1,734	1,119	3,446	3,747	4,075	4,434
Total assets	79,432	76,917	91,689	86,217	100,513	111,812
Current liabilities	34,347	16,586	23,166	19,553	28,444	33,159
Provisions	3,446	9,497	6,677	6,834	6,995	7,161
Total current liabilities	37,792	26,083	29,843	26,387	35,440	40,321
Non-current liabilities	9,346	8,739	16,571	11,769	10,888	10,015
Total liabilities	47,138	34,822	46,413	38,155	46,328	50,335
Paid-up capital	1,304	1,304	1,305	1,305	1,305	1,305
Reserves & surplus	30,848	39,523	42,978	45,666	51,680	58,851
Shareholders' equity	32,294	42,095	45,275	48,062	54,185	61,477
Total equity & liabilities	79,432	76,917	91,689	86,217	100,513	111,812

Source: Company Reports, Aриhant Capital Research

Cashflow summary

Y/e 31 Mar (INR Mn)	FY20	FY21	FY22	FY23E	FY24E	FY25E
Pre-tax profit	8,985	10,930	6,663	4,780	11,055	12,768
Depreciation	2,333	2,465	2,548	3,000	3,360	3,727
Chg in working capital	2,396	5,470	7,574	-8,039	-1,988	-1,558
Total tax paid	-2,854	-1,407	-1,463	-1,056	-2,681	-3,121
Other operating activities	-	-	-	-	-	-
Cash flow from operating activities	10,860	17,458	15,321	-1,314	9,746	11,816
Capital expenditure	-2,364	-12,151	-12,237	-8,500	-2,000	-2,000
Chg in investments	-2,893	-3,055	-2,313	-	-	-
Chg in marketable securities	-	-	-	-	-	-
Other investing activities	-	-	-	-	-	-
Cash flow from investing activities	-5,258	-13,857	-14,550	-8,500	-2,000	-2,000
Free cash flow	5,603	3,601	771	-9,814	7,746	9,816
Equity raised/(repaid)	-608	2,872	23	-	-	-
Debt raised/(repaid)	-5,670	792	8,395	-4,916	-1,000	-999
Dividend (incl. tax)	-3,205	-1,526	-1,527	-1,801	-3,001	-3,001
Other financing activities	-	-	-	-	-	-
Cash flow from financing activities	-7,231	4,613	7,634	-5,667	-3,058	-3,155
Net chg in cash	-1,628	8,215	8,405	-15,481	4,688	6,661
Opening cash balance	10,192	9,631	14,100	21,947	6,465	11,153
Closing cash balance	9,631	14,100	21,947	6,465	11,153	17,814

Source: Company Reports, Aриhant Capital Research

Ratio analysis

Y/e 31 Mar (INR Mn)	FY20	FY21	FY22	FY23E	FY24E	FY25E
Per Share data						
EPS (INR)	26.53	32.01	21.14	17.20	34.55	38.98
Growth, %	1,075.64	20.64	-33.94	-18.65	100.86	12.85
Book NAV/share (INR)	123.24	156.50	169.70	180.00	203.04	230.53
FDEPS (INR)	26.53	32.01	21.14	17.20	34.55	38.98
CEPS (INR)	35.47	36.18	30.90	28.69	47.42	53.27
CFPS (INR)	22.36	49.99	38.11	1.90	21.71	29.76
DPS (INR)	10.50	5.00	5.00	6.00	10.00	10.00
Return ratios						
Return on assets (%)	7.80	11.80	6.54	4.95	9.78	9.79
Return on equity (%)	21.53	20.45	12.46	9.55	17.01	16.91
Return on capital employed (%)	14.80	18.91	9.36	7.14	14.43	15.03
Turnover ratios						
Asset turnover (x)	3.12	1.96	1.65	1.75	2.34	2.73
Sales/Total assets (x)	1.23	0.91	0.77	0.83	1.15	1.18
Sales/Net FA (x)	6.18	3.41	2.12	1.93	2.67	3.24
Working capital/Sales (x)	0.11	0.10	-0.12	-0.00	0.01	0.02
Fixed capital/Sales (x)	0.00	0.00	0.00	0.00	0.00	0.00
Receivable days	45.71	34.13	45.59	45.00	45.00	45.00
Inventory days	83.15	61.90	57.20	65.00	63.00	63.00
Payable days	59.84	41.16	59.53	58.58	61.46	61.60
Working Capital day	74.22	107.48	79.13	31.29	42.79	59.40
Working capital days (Ex-cash)	38.92	35.53	-44.01	-0.69	5.04	7.71
Liquidity ratios						
Current ratio (x)	1.55	1.97	1.49	1.25	1.37	1.52
Quick ratio (x)	0.93	1.41	1.13	0.73	0.83	0.97
Interest cover (x)	6.43	6.46	2.13	1.43	7.98	9.77
Dividend cover (x)	-	-	-	-	-	-
Total debt/Equity (%)	30.95	23.58	45.65	19.97	15.81	12.27
Net debt/Equity (%)	1.00	-10.95	-3.91	6.20	-5.24	-17.35
Valuation						
PER (x)	5.54	4.48	10.07	13.29	6.61	5.86
PEG (x) - y-o-y growth	0.01	0.35	-0.32	-0.71	0.07	0.46
Price/Book (x)	1.19	1.07	1.26	1.27	1.13	0.99
Yield (%)	7.14	2.99	2.35	2.63	4.38	4.38
EV/Net sales (x)	0.39	0.55	0.83	0.85	0.53	0.39
EV/EBITDA (x)	3.33	4.92	11.42	14.76	5.19	3.77
EV/EBIT (x)	4.17	7.13	24.82	50.57	7.48	5.28

Source: Company Reports, Aриhant Capital Research

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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